

Customer Number 28932  
 Phil Kongtcheu  
 1866 John F Kennedy Boulevard Suite B1  
 Jersey City, NJ 07305

August 31, 2005

US Patent and Trademark Office  
 Mail Stop Petition  
 Commissioner for Patents  
 P.O. Box 1450  
 Alexandria, VA 22313-1450  
 Office of Patent Petitions - Tel: 571-272-3282 /Fax: 571-273-0025

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 Legal Staff  
 International Division  
 2005

CC: Mamie P Person

**RE: Petition for revival of declared abandoned US Patent Application No. 10/518,823**

Dear Mr. Commissioner,

I received on 08/30/05 the attached NOTIFICATION OF ABANDONMENT of US patent Application No. 10/518,823 from the USPTO on the following basis:

- Applicant has failed to provide the full US Basic National Fee by 30 months (37 CFR 1.495(b)(2)).

It is my understanding that CFR 1.495(b)(2)) reads as follows

1.495 Entering the national stage in the United States of America as an Elected Office

(a) Where the United States of America has been elected by the expiration of 19 months from the priority date, the applicant must fulfill the requirements of 35 U.S.C. 371 within the time periods set forth in paragraphs (b) and (c) of this section in order to prevent the abandonment of the international application as to the United States of America. International applications for which those requirements are timely fulfilled will enter the national stage and obtain an examination as to the patentability of the invention in the United States of America.

(b) To avoid abandonment of the application, the applicant shall furnish to the United States Patent and Trademark Office not later than the expiration of 30 months from the priority date:

(1) A copy of the international application, unless it has been previously communicated by the International Bureau or unless it was originally filed in the United States Patent and Trademark Office; and

(2) The basic national fee (see 1.492(a)). The 30-month time limit may not be extended.

As of December 17, 2004, recorded date of US National Phase Entry, the schedule of Basic National Fee as stated on the form PTO-1390(Rev 07-20004) used was as follows:

U.S. APPLICATION NO. (if known, see 37 CFR 1.5)	INTERNATIONAL APPLICATION NO. <b>PCT/US03/19179</b>	ATTORNEY'S DOCKET NUMBER	
21. <input checked="" type="checkbox"/> The following fees are submitted: <b>BASIC NATIONAL FEE (CFR 1.432(a)(1)-(5)):</b> Neither international preliminary examination fee (37 CFR 1.482) nor international search fee (37 CFR 1.445(a)(2)) paid to USPTO and international Search Report not prepared by the EPO or JPO ..... \$1689.00 International preliminary examination fee (37 CFR 1.482) not paid to USPTO but international Search Report prepared by the EPO or JPO ..... \$920.00 International preliminary examination fee (37 CFR 1.482) not paid to USPTO but international search fee (37 CFR 1.445(a)(2)) paid to USPTO ..... \$770.00 International preliminary examination fee (37 CFR 1.482) paid to USPTO but all claims did not satisfy provisions of PCT Article 33(1)-(4) ..... \$730.00 International preliminary examination fee (37 CFR 1.482) paid to USPTO and all claims satisfied provisions of PCT Article 33(1)-(4) ..... \$500.00 <b>ENTER APPROPRIATE BASIC FEE AMOUNT =</b>		CALCULATIONS	PTO USE ONLY
		\$ 100	
<input checked="" type="checkbox"/> Applicant claims small entity status. See 37 CFR 1.27. The fees indicated above are reduced by 50%.		\$ 50.00	
SUBTOTAL =		\$60.00	

Indeed since an International Preliminary Examination fee was paid to the USPTO and the international preliminary examination report established that all claims satisfied provisions of PCT Article 33(1)-(4), our **basic national fee** as a small entity was \$50.00 .

As you can see on the attached transactions details from my credit card, the amount of \$50.00 was duly collected by the USPTO on Dec 30,2004 at 11:11:33EST.

Given the gravity and importance of this application and the clear evidence of mistake on the USPTO's part, I urge you to promptly reinstate my application No. 10/518,823.

Very sincerely yours,



Phil Kongtcheu,  
Inventor and applicant



**UNITED STATES PATENT AND TRADEMARK OFFICE**

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

U.S. APPLICATION NUMBER NO.	FIRST NAMED APPLICANT	ATTY. DOCKET NO.
10/518,823	Phil Kongtcheu	

INTERNATIONAL APPLICATION NO.
-------------------------------

PCT/US03/19179

IA. FILING DATE	PRIORITY DATE
-----------------	---------------

06/18/2003

06/18/2002

28932  
PHIL KONGTCHEU  
PFK TECHNOLOGIES  
1866 JOHN F. KENNEDY BOULEVARD SUITE B1  
JERSEY CITY, NJ 07305

**CONFIRMATION NO. 9878**

**371  
ABANDONMENT/TERMINATION  
LETTER**

**\*OC000000016839354\***

\*OC000000016839354\*

Date Mailed: 08/23/2005

**NOTIFICATION OF ABANDONMENT**

The United States Patent and Trademark Office in its capacity as a Designated / Elected Office (37 CFR 1.495) has made the following determination:

- Applicant has failed to provide the full U.S. Basic National Fee by 30 months (37 CFR 1.495(b)(2)).

Therefore, the above identified application failed to meet the requirements of 35 U.S.C. 371 and 37 CFR 1.495, and is ABANDONED AS TO THE UNITED STATES OF AMERICA.

MAMIE P PERSON

Telephone: (703) 308-9140 EXT 227

**PART 1 - ATTORNEY/APPLICANT COPY**

FORM PCT/DO/EO/909 (371 Abandonment Notice)

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## Transaction Details

Debit Card Purchase (ID #3CR45460XT6216151)

**Total Amount:** -\$50.00 USD

**Date:** Dec. 30, 2004

**Time:** 11:11:33 EST

**Status:** Completed

**Name on Card:** Phil Kongtcheu

**Merchant:** US PATENT/TRADEMARK O- ARLINGTON- VA

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# PATENT COOPERATION TREATY

From the  
INTERNATIONAL PRELIMINARY EXAMINING AUTHORITY

To:  
PHIL KONGTCHEU  
PFK TECHNOLOGIES  
1866 JOHN F. KENNEDY BOULEVARD  
SUITE B1  
JERSEY CITY, NJ 07305

## PCT

### NOTIFICATION OF TRANSMITTAL OF INTERNATIONAL PRELIMINARY EXAMINATION REPORT

(PCT Rule 71.1)

Date of Mailing  
(day/month/year) **01 OCT 2004**

Applicant's or agent's file reference

BASIS INST

#### IMPORTANT NOTIFICATION

International application No.

International filing date (day/month/year)

Priority date (day/month/year)

PCT/US03/19179

18 June 2003 (18.06.2003)

18 June 2002 (18.06.2002)

Applicant

KONGTCHEU, PHIL

1. The applicant is hereby notified that this International Preliminary Examining Authority transmits herewith the international preliminary examination report and its annexes, if any, established on the international application.
2. A copy of the report and its annexes, if any, is being transmitted to the International Bureau for communication to all the elected Offices.
3. Where required by any of the elected Offices, the International Bureau will prepare an English translation of the report (but not of any annexes) and will transmit such translation to those Offices.
4. **REMINDER**

The applicant must enter the national phase before each elected Office by performing certain acts (filing translations and paying national fees) within 30 months from the priority date (or later in some Offices)(Article 39(1))(see also the reminder sent by the International Bureau with Form PCT/IB/301).

Where a translation of the international application must be furnished to an elected Office, that translation must contain a translation of any annexes to the international preliminary examination report. It is the applicant's responsibility to prepare and furnish such translation directly to each elected Office concerned.

For further details on the applicable time limits and requirements of the elected Offices, see Volume II of the PCT Applicant's Guide.

Name and mailing address of the IPEA/US

Mail Stop PCT, Attn: IPEA/US  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, Virginia 22313-1450

Facsimile No. (703) 305-3230

Authorized officer

*for*  
Alain L. Bashore

Telephone No. 703-308-1113

## PATENT COOPERATION TREATY

## PCT

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

(PCT Article 36 and Rule 70)

Applicant's or agent's file reference	<b>FOR FURTHER ACTION</b> See Notification of Transmittal of International Preliminary Examination Report (Form PCT/IPEA/416)	
BASIS INST		
International application No.	International filing date (day/month/year)	Priority date (day/month/year)
PCT/US03/19179	18 June 2003 (18.06.2003)	18 June 2002 (18.06.2002)
International Patent Classification (IPC) or national classification and IPC		
IPC(7): G 06 F 17/60 and US Cl.: 705/30,35,36,37		
Applicant		
KONGTCHEU, PHIL		
<p>1. This international preliminary examination report has been prepared by this International Preliminary Examining Authority and is transmitted to the applicant according to Article 36.</p> <p>2. This REPORT consists of a total of <u>3</u> sheets, including this cover sheet.</p> <p><input type="checkbox"/> This report is also accompanied by ANNEXES, i.e., sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications made before this Authority (see Rule 70.16 and Section 607 of the Administrative Instructions under the PCT).</p> <p>These annexes consist of a total of <u>   </u> sheets.</p> <p>3. This report contains indications relating to the following items:</p> <p>I <input checked="" type="checkbox"/> Basis of the report</p> <p>II <input type="checkbox"/> Priority</p> <p>III <input type="checkbox"/> Non-establishment of report with regard to novelty, inventive step and industrial applicability</p> <p>IV <input type="checkbox"/> Lack of unity of invention</p> <p>V <input checked="" type="checkbox"/> Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement</p> <p>VI <input type="checkbox"/> Certain documents cited</p> <p>VII <input type="checkbox"/> Certain defects in the international application</p> <p>VIII <input type="checkbox"/> Certain observations on the international application</p>		
Date of submission of the demand	Date of completion of this report	
20 January 2004 (20.01.2004)	11 September 2004 (11.09.2004)	
Name and mailing address of the IPEA/US Mail Stop PCT, Attn: IPEA/US Commissioner for Patents P.O. Box 1450 Alexandria, Virginia 22313-1450 Facsimile No. (703) 305-3230	Authorized officer <i>for</i> Alain L. Bashore <i>P. Vigne</i> Telephone No. 703-308-1113	

Form PCT/IPEA/409 (cover sheet)(July 1998)

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.

PCT/US03/19179

## I. Basis of the report

## 1. With regard to the elements of the international application:\*

- ☒ the international application as originally filed.
- ☒ the description:  
pages 1-54 as originally filed  
pages NONE filed with the demand  
pages NONE filed with the letter of \_\_\_\_\_
- ☒ the claims:  
pages 55-110 as originally filed  
pages NONE as amended (together with any statement) under Article 19  
pages NONE filed with the demand  
pages NONE filed with the letter of \_\_\_\_\_
- ☒ the drawings:  
pages 1-19 as originally filed  
pages NONE filed with the demand  
pages NONE filed with the letter of \_\_\_\_\_
- ☐ the sequence listing part of the description:  
pages NONE as originally filed  
pages NONE filed with the demand  
pages NONE filed with the letter of \_\_\_\_\_

## 2. With regard to the language, all the elements marked above were available or furnished to this Authority in the language in which the international application was filed, unless otherwise indicated under this item.

These elements were available or furnished to this Authority in the following language \_\_\_\_\_ which is:

- ☐ the language of a translation furnished for the purposes of international search (under Rule 23.1(b)).
- ☐ the language of publication of the international application (under Rule 48.3(b)).
- ☐ the language of the translation furnished for the purposes of international preliminary examination (under Rules 55.2 and/or 55.3).

## 3. With regard to any nucleotide and/or amino acid sequence disclosed in the international application, the international preliminary examination was carried out on the basis of the sequence listing:

- ☐ contained in the international application in printed form.
- ☐ filed together with the international application in computer readable form.
- ☐ furnished subsequently to this Authority in written form.
- ☐ furnished subsequently to this Authority in computer readable form.
- ☐ The statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished.
- ☐ The statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished.

4. ☐ The amendments have resulted in the cancellation of:

- ☐ the description, pages NONE
- ☐ the claims, Nos. NONE
- ☐ the drawings, sheets/fig NONE

5. ☐ This report has been established as if (some of) the amendments had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).\*\*

\* Replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report since they do not contain amendments (Rules 70.16 and 70.17).

\*\* Any replacement sheet containing such amendments must be referred to under item 1 and annexed to this report.

# INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.  
PCT/US03/19179

## V. Reasoned statement under Rule 66.2(a)(ii) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement

### 1. STATEMENT

Novelty (N)	Claims <u>1-273</u>	YES
	Claims <u>NONE</u>	NO
Inventive Step (IS)	Claims <u>1-273</u>	YES
	Claims <u>NONE</u>	NO
Industrial Applicability (IA)	Claims <u>1-273</u>	YES
	Claims <u>NONE</u>	NO

### 2. CITATIONS AND EXPLANATIONS

Claims 1-273 meet the criteria set out in PCT Article 33(2)-(3), because the prior art (after further consideration) does not teach or fairly suggest: formation of a BIC between one or more buyers and one or more sellers for use in formation of a financial derivatives contract; establishing a BIC basis; identifying agreement terms of the BIC including contract time, premium payment time, payout payment time, premium payment amount, and payout payment amount; validating the BIC reflecting agreement terms, inputting scaling density function relating dependence of unit notational premium amount of a BIC to premium amount for any other notational amount of a BIC; inputting functions representative of BICs prices responsive to an offer and demand; maintaining an inventory of derivatives contracts where the inventory of the derivatives contracts is maintained in BICs units; decomposing a residual contract in a BIC basis which is then reported in a net profit or loss as the non-hedging part of the derivatives contract.

There is further not taught or fairly suggested (after further consideration): means for receiving a payout function expressed in DCWBSOF format of a derivatives contract; and, means for transforming a payout payment function expressed in DCWBSOF format into DCWOF format, where the DCWOF format is a function of observed values of one or more underlyings.

There is further not taught or fairly suggested (after further consideration): inputting a description of a derivatives contract in functional format; inputting prices for one or more basis instruments; returning a price for the derivatives contract responsive to the description of the derivatives contract in functional format and the prices of one or more basis instruments.

There is further not taught or fairly suggested (after further consideration): creating a credit risk underlying whose value at any given time is equal to a percentage of liability a counterparty honors at a given time that depends on a notational amount of counterparty liability at the given time, first stakeholders identity and counterpartys identity; setting a maximum response to difference between value of counterparty liability not inclusive of credit risk and value of liability inclusive of credit risk; determining first and second payment amounts for stakeholders and calculating margin responsive to first and second payout amounts.

Claims 1-273 meet the criteria set out in PCT Article 33(4), and thus meet industrial applicability because the subject matter claimed can be made or used in industry.



#4

**F A X**

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7 SEP 2005

Legal Staff  
International Division

1866 John F. Kennedy Boulevard # B1  
Jersey City, NJ 07305

---

To: USPTO Petitions - PCT Legal Office  
Fax number: 5712730459

From: Phil Kongtcheu  
Fax number: 2679830014  
Business phone: 201-536-3456  
Home phone:

Date & Time: 9/7/2005 2:23:24 PM  
Pages: 9  
Re: Revival of Application No.10/518,823

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Please see attached petition submitted by mail and fax to the general petitions office and Ms. Mamie Person.

Attention is also drawn to PCT rule 49.6 in adjudicating this case.

Sincerely,

Phil Kongtcheu

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Customer Number 28932  
Phil Kongtcheu  
1866 John F Kennedy Boulevard Suite B1  
Jersey City, NJ 07305

August 31, 2005

US Patent and Trademark Office  
Mail Stop Petition  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450  
Office of Patent Petitions - Tel: 571-272-3282 /Fax: 571-273-0025

CC: Mamie P Person

**RE: Petition for revival of declared abandoned US Patent Application No.  
10/518,823**

Dear Mr. Commissioner,

I received on 08/30/05 the attached NOTIFICATION OF ABANDONMENT of US  
patent Application No. 10/518,823 from the USPTO on the following basis:

- Applicant has failed to provide the full US Basic National Fee by 30 months (37  
CFR 1.495(b)(2)).

It is my understanding that CFR 1.495(b)(2)) reads as follows

1.495 Entering the national stage in the United States of America as an Elected Office

(a) Where the United States of America has been elected by the expiration of 19 months from the priority date, the applicant must fulfill the requirements of 35 U.S.C. 371 within the time periods set forth in paragraphs (b) and (c) of this section in order to prevent the abandonment of the international application as to the United States of America. International applications for which those requirements are timely fulfilled will enter the national stage and obtain an examination as to the patentability of the invention in the United States of America.

(b) To avoid abandonment of the application, the applicant shall furnish to the United States Patent and Trademark Office not later than the expiration of 30 months from the priority date:

(1) A copy of the international application, unless it has been previously communicated by the International Bureau or unless it was originally filed in the United States Patent and Trademark Office; and

(2) The basic national fee (see 1.492(a)). The 30-month time limit may not be extended.

As of December 17, 2004, recorded date of US National Phase Entry, the schedule of  
Basic National Fee as stated on the form PTO-1390(Rev 07-20004) used was as follows:

U.S. APPLICATION NO. (if known, see 37 CFR 1.5)		INTERNATIONAL APPLICATION NO. <b>PCT/US03/19179</b>	ATTORNEY'S DOCKET NUMBER	
21. <input checked="" type="checkbox"/> The following fees are submitted: <b>BASIC NATIONAL FEE (CFR 1.492(a)(1)-(5)):</b> Neither international preliminary examination fee (37 CFR 1.482) nor international search fee (37 CFR 1.445(a)(2)) paid to USPTO and International Search Report not prepared by the EPO or JPO ..... \$1080.00 International preliminary examination fee (37 CFR 1.482) not paid to USPTO but International Search Report prepared by the EPO or JPO ..... \$820.00 International preliminary examination fee (37 CFR 1.482) not paid to USPTO but international search fee (37 CFR 1.445(a)(2)) paid to USPTO ..... \$770.00 International preliminary examination fee (37 CFR 1.482) paid to USPTO but all claims did not satisfy provisions of PCT Article 33(1)-(4) ..... \$730.00 International preliminary examination fee (37 CFR 1.482) paid to USPTO and all claims satisfied provisions of PCT Article 33(1)-(4) ..... \$100.00 <b>ENTER APPROPRIATE BASIC FEE AMOUNT =</b>			CALCULATIONS      PTO USE ONLY          <b>\$ 100</b>	
<input checked="" type="checkbox"/> Applicant claims small entity status. See 37 CFR 1.27. The fees indicated above are reduced by 1/2.			<b>\$ 50.00</b>	
<b>SUBTOTAL =</b>			<b>\$50.00</b>	

Indeed since an International Preliminary Examination fee was paid to the USPTO and the international preliminary examination report established that all claims satisfied provisions of PCT Article 33(1)-(4), our **basic national fee** as a small entity was \$50.00 .

As you can see on the attached transactions details from my credit card, the amount of \$50.00 was duly collected by the USPTO on Dec 30,2004 at 11:11:33EST.

Given the gravity and importance of this application and the clear evidence of mistake on the USPTO's part, I urge you to promptly reinstate my application No. 10/518,823.

Very sincerely yours,



Phil Kongtcheu,  
Inventor and applicant



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**History**

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## Transaction Details

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**Total Amount:** -\$50.00 USD

**Date:** Dec. 30, 2004

**Time:** 11:11:33 EST

**Status:** Completed

**Name on Card:** Phil Kongtcheu

**Merchant:** US PATENT/TRADEMARK O- ARLINGTON- VA

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UNITED STATES PATENT AND TRADEMARK OFFICE

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United States Patent and Trademark Office  
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www.uspto.gov

U.S. APPLICATION NUMBER NO.	FIRST NAMED APPLICANT	ATTY. DOCKET NO.
10/518,823	Phil Kongtcheu	

INTERNATIONAL APPLICATION NO.
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PCT/US03/19179

LA. FILING DATE	PRIORITY DATE
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06/18/2003

06/18/2002

28932  
PHIL KONGTCHEU  
PFK TECHNOLOGIES  
1866 JOHN F. KENNEDY BOULEVARD SUITE B1  
JERSEY CITY, NJ 07305

CONFIRMATION NO. 9878

371  
ABANDONMENT/TERMINATION  
LETTER

\*OC000000016839354\*

\*OC000000016839354\*

Date Mailed: 08/23/2005

NOTIFICATION OF ABANDONMENT

The United States Patent and Trademark Office in its capacity as a Designated / Elected Office (37 CFR 1.495) has made the following determination:

- Applicant has failed to provide the full U.S. Basic National Fee by 30 months (37 CFR 1.495(b)(2)).

Therefore, the above identified application failed to meet the requirements of 35 U.S.C. 371 and 37 CFR 1.495, and is ABANDONED AS TO THE UNITED STATES OF AMERICA.

MAMIE P PERSON

Telephone: (703) 308-9140 EXT 227

PART 1 - ATTORNEY/APPLICANT COPY

FORM PCT/DO/EO/909 (371 Abandonment Notice)

## PATENT COOPERATION TREATY

From the  
INTERNATIONAL PRELIMINARY EXAMINING AUTHORITY

To:  
PHIL KONGTCHEU  
PFK TECHNOLOGIES  
1866 JOHN F. KENNEDY BOULEVARD  
SUITE B1  
JERSEY CITY, NJ 07305

**PCT**

NOTIFICATION OF TRANSMITTAL OF  
INTERNATIONAL PRELIMINARY  
EXAMINATION REPORT

(PCT Rule 71.1)

Date of Mailing  
(day/month/year) **01 OCT 2004**

Applicant's or agent's file reference

BASIS INST

**IMPORTANT NOTIFICATION**

International application No.

International filing date (day/month/year)

Priority date (day/month/year)

PCT/US03/19179

18 June 2003 (18.06.2003)

18 June 2002 (18.06.2002)

Applicant

KONGTCHEU, PHIL

1. The applicant is hereby notified that this International Preliminary Examining Authority transmits herewith the international preliminary examination report and its annexes, if any, established on the international application.
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The applicant must enter the national phase before each elected Office by performing certain acts (filing translations and paying national fees) within 30 months from the priority date (or later in some Offices)(Article 39(1))(see also the reminder sent by the International Bureau with Form PCT/IB/301).

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For further details on the applicable time limits and requirements of the elected Offices, see Volume II of the PCT Applicant's Guide.

Name and mailing address of the IPEA/US  
Mail Stop PCT, Attn: IPEA/US  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
Facsimile No. (703) 305-3230

Authorized officer

Alain L. Bashore

Telephone No. 703-308-1113


Form PCT/IPEA/416 (July 1992)

## PATENT COOPERATION TREATY

## PCT

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

(PCT Article 36 and Rule 70)

Applicant's or agent's file reference		FOR FURTHER ACTION		See Notification of Transmittal of International Preliminary Examination Report (Form PCT/IPEA/416)
BASIS INST				
International application No.	International filing date (day/month/year)	Priority date (day/month/year)		
PCT/US03/19179	18 June 2003 (18.06.2003)	18 June 2002 (18.06.2002)		
International Patent Classification (IPC) or national classification and IPC				
IPC(7): G 06 F 17/60 and US Cl.: 705/30,35,36,37				
Applicant				
KONGTCHEU, PHIL				
<p>1. This international preliminary examination report has been prepared by this International Preliminary Examining Authority and is transmitted to the applicant according to Article 36.</p> <p>2. This REPORT consists of a total of <u>3</u> sheets, including this cover sheet.</p> <p><input type="checkbox"/> This report is also accompanied by ANNEXES, i.e., sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications made before this Authority (see Rule 70.16 and Section 607 of the Administrative Instructions under the PCT).</p> <p>These annexes consist of a total of ____ sheets.</p> <p>3. This report contains indications relating to the following items:</p> <p>I <input checked="" type="checkbox"/> Basis of the report</p> <p>II <input type="checkbox"/> Priority</p> <p>III <input type="checkbox"/> Non-establishment of report with regard to novelty, inventive step and industrial applicability</p> <p>IV <input type="checkbox"/> Lack of unity of invention</p> <p>V <input checked="" type="checkbox"/> Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement</p> <p>VI <input type="checkbox"/> Certain documents cited</p> <p>VII <input type="checkbox"/> Certain defects in the international application</p> <p>VIII <input type="checkbox"/> Certain observations on the international application</p>				
Date of submission of the demand		Date of completion of this report		
20 January 2004 (20.01.2004)		11 September 2004 (11.09.2004)		
Name and mailing address of the IPEA/US		Authorized officer		
Mail Stop PCT, Attn: IPEA/US Commissioner for Patents P.O. Box 1450 Alexandria, Virginia 22313-1450 Facsimile No. (703) 305-3230		for  Alain L. Bashore Telephone No. 703-308-1113		

Form PCT/IPEA/409 (cover sheet)(July 1998)

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.

PCT/US03/19179

## I. Basis of the report

## 1. With regard to the elements of the international application:\*

☒ the international application as originally filed.☒ the description:

pages 1-54 \_\_\_\_\_ as originally filed

pages NONE \_\_\_\_\_, filed with the demand

pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_

☒ the claims:

pages 55-110 \_\_\_\_\_, as originally filed

pages NONE \_\_\_\_\_, as amended (together with any statement) under Article 19

pages NONE \_\_\_\_\_, filed with the demand

pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_

☒ the drawings:

pages 1-19 \_\_\_\_\_, as originally filed

pages NONE \_\_\_\_\_, filed with the demand

pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_

☐ the sequence listing part of the description:

pages NONE \_\_\_\_\_, as originally filed

pages NONE \_\_\_\_\_, filed with the demand

pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_

## 2. With regard to the language, all the elements marked above were available or furnished to this Authority in the language in which the international application was filed, unless otherwise indicated under this item.

These elements were available or furnished to this Authority in the following language \_\_\_\_\_ which is:

☐ the language of a translation furnished for the purposes of international search (under Rule 23.1(b)).☐ the language of publication of the international application (under Rule 48.3(b)).☐ the language of the translation furnished for the purposes of international preliminary examination (under Rules 55.2 and/or 55.3).

## 3. With regard to any nucleotide and/or amino acid sequence disclosed in the international application, the international preliminary examination was carried out on the basis of the sequence listing:

☐ contained in the international application in printed form.☐ filed together with the international application in computer readable form.☐ furnished subsequently to this Authority in written form.☐ furnished subsequently to this Authority in computer readable form.☐ The statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished.☐ The statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished.4. ☐ The amendments have resulted in the cancellation of:☐ the description, pages NONE☐ the claims, Nos. NONE☐ the drawings, sheets/fig NONE5. ☐ This report has been established as if (some of) the amendments had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).\*\*

\* Replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report since they do not contain amendments (Rules 70.16 and 70.17).

\*\* Any replacement sheet containing such amendments must be referred to under item 1 and annexed to this report.



## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.  
PCT/US03/19179**V. Reasoned statement under Rule 66.2(a)(ii) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement****1. STATEMENT**

Novelty (N)

Claims 1-273 YES

Claims NONE NO

Inventive Step (IS)

Claims 1-273 YES

Claims NONE NO

Industrial Applicability (IA)

Claims 1-273 YES

Claims NONE NO

**2. CITATIONS AND EXPLANATIONS**

Claims 1-273 meet the criteria set out in PCT Article 33(2)-(3), because the prior art (after further consideration) does not teach or fairly suggest: formation of a BIC between one or more buyers and one or more sellers for use in formation of a financial derivatives contract; establishing a BIC basis; identifying agreement terms of the BIC including contract time, premium payment time, payout payment time, premium payment amount, and payout payment amount; validating the BIC reflecting agreement terms, inputting scaling density function relating dependence of unit notational premium amount of a BIC to premium amount for any other notational amount of a BIC; inputting functions representative of BICs prices responsive to an offer and demand; maintaining an inventory of derivatives contracts where the inventory of the derivatives contracts is maintained in BICs units; decomposing a residual contract in a BIC basis which is then reported in a net profit or loss as the non-hedging part of the derivatives contract.

There is further not taught or fairly suggested (after further consideration): means for receiving a payout function expressed in DCWBSOF format of a derivatives contract; and , means for transforming a payout payment function expressed in DCWBSOF format into DCWOF format, where the DCWOF format is a function of observed values of one or more underlyings.

There is further not taught or fairly suggested (after further consideration): inputting a description of a derivatives contract in functional format; inputting prices for one or more basis instruments; returning a price for the derivatives contract responsive to the description of the derivatives contract in functional format and the prices of one or more basis instruments.

There is further not taught or fairly suggested (after further consideration): creating a credit risk underlying whose value at any given time is equal to a percentage of liability a counterparty honors at a given time that depends on a notational amount of counterparty liability at the given time, first stakeholders identity and counterpartys identity; setting a maximum response to difference between value of counterparty liability not inclusive of credit risk and value of liability inclusive of credit risk; determining first and second payment amounts for stakeholders and calculating margin responsive to first and second payout amounts.

Claims 1-273 meet the criteria set out in PCT Article 33(4), and thus meet industrial applicability because the subject matter claimed can be made or used in industry.

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\*\*\* RX REPORT \*\*\*  
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